

CONTROLLER JOHN CHIANG

STATE OF CALIFORNIA

300 Capitol Mall
Sacramento, CA 95814
916.445.2636
www.controller.ca.gov

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CONTACT: HALLYE JORDAN
916-445-2636

Chiang Calls on Congress to Restore Oil Royalty Audit Integrity

California Audit Funding Cuts Hurt Public Schools, Counties

SACRAMENTO – State Controller John Chiang today urged the House Committee on Natural Resources to immediately restore funds for auditors of federal oil leases located in California.

“When this Department of the Interior chooses between collecting money for California’s schools or giving it to oil companies, they chose the oil companies,” said Controller Chiang. “Over the last two years, the Interior Department has cut my office’s oil royalty audit funding twice which only reduces funding for public education.”

The State Controller’s office audits oil royalties owed under federal leases located within California’s boundaries. Onshore oil and gas royalty payments are split 50-50 between the Federal Government and California’s K-12 education fund.

Last year, the State Controller’s Office asked the Department of Interior for \$1.2 million to fund 10 auditors of oil leases. The Department of Interior cut funding to \$800,000 for eight auditors and plan on further reductions, even though California’s oil royalty auditors bring in an average of three times their costs.

In a letter to the House Natural Resources Committee, Controller Chiang asked for audit funds to ensure that oil companies pay California fair royalties. Chiang also highlighted problems at the Department of the Interior that undermine auditing criteria and may reduce the royalty payments owed the State.

“California has a clear interest in ensuring our schools get the money they’re owed from oil companies,” added Controller Chiang. “I am responsible for collecting the royalties, and the Interior Department’s system of cutting auditors and favoring oil companies is irresponsible and works against the public’s interests.”

A [copy of Controller Chiang’s letter to the House Committee on Natural Resources](#) follows.

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